

STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE

BULLETIN 91-3  
Issued this 5th day of  
April, 1991

NOTICE TO ALL INSURERS LICENSED TO  
WRITE INSURANCE IN MINNESOTA

INSURANCE COMPANY REDOMESTICATIONS  
AND  
MERGERS NOT QUALIFIED AS REDOMESTICATIONS

REDOMESTICATIONS

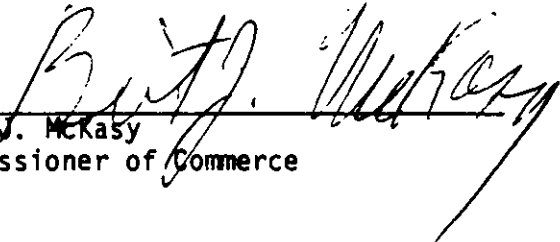
In recent years a substantial number of insurance companies have changed their corporate state of domicile. These changes have taken place for several reasons. Some have cited tax reasons, others have named administrative convenience and yet others have indicated a change in ownership as the primary reason for the redomestication. A few have mentioned that the change occurred at the request of the domiciliary regulator.

The redomestications have taken two basic forms: (1) those following the NAIC Model Redomestication Bill to move their legal domicile from one state to another when both states had adopted the "Model" Bill or substantially similar legislation, and (2) those companies that have established new shell insurance corporations in the new state. These new shells have served to implement a merger between the shell and the existing insurer in order to accomplish the redomestication.

Adequate advance notice and documentation of a proposed redomestication must be given to the Minnesota Department of Commerce, Financial Examinations Division, to accommodate either of these methods. Notice must be given at least 90 days prior to the expected effective date. The shell and merger method has become more manageable since Minnesota's enactment of legislation which is substantially similar to the NAIC Model Redomestication Bill. This Act, Chapter 424 of 1990 Legislative Session Laws, became effective on August 1, 1990 and is codified as Minn. Stat. Section BOA.161.

**WARNING: MERGERS NOT QUALIFIED AS REDOMESTICATIONS**

Should an insurance company licensed in Minnesota effect a merger into another active insurance company not licensed in Minnesota and the unlicensed company survives, the merger will not be considered a redomestication and the existing company's Minnesota license will be revoked. It is important that before such a transaction is consummated and if the surviving non-licensed company intends to write new business in Minnesota, it must apply for and become licensed in Minnesota. Servicing of existing policies passed through to the unlicensed surviving insurance company continues to be governed by Minnesota law and is the responsibility of the surviving insurance company.

  
Bert J. McKasy  
Commissioner of Commerce